

DOCKET FILE COPY ORIGINAL

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON D.C. 20554**

IN THE MATTER OF THE SIMPLIFICATION
OF THE DEPRECIATION PRESCRIPTION
PROCESS

DOCKET NO. 92-296

December 17, 1993

RECEIVED

DEC 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS BY:

STATE OF UTAH

DEPARTMENT OF COMMERCE

DIVISION OF PUBLIC UTILITIES

No. of Copies rec'd
List A B C D E

Copy

The Utah Division of Public Utilities generally supports the FCC objective to streamline interstate depreciation prescription for for all Local Exchange Carriers (LEC) and Interexchange Carriers. We agree that the proposed treatment of AT&T (and other regulated interexchange carriers) should be different than LEC's due to major differences in the network infrastructures, markets being served, the level of experienced competition in those markets, and the levels of past corporate commitment to replace and upgrade the network infrastructure.

The LEC have not experienced the level of competition that justifies the price cap methodology adopted for AT&T, since these companies still maintain monopoly bottlenecks and great market power. In the case of US West, the past limited commitment to total network modernization and equipment replacements during the 1986 to 1990 period has acted to extend equipment and facilities lives well beyond those of AT&T and the other interexchange carriers. Therefore, depreciation lives must reflect the factual historic conditions and the projected corporate commitments.

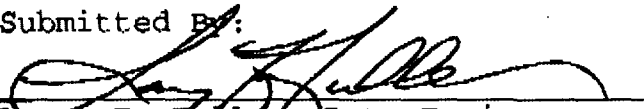
We support the FCC proposed method of establishing a range of reasonable lives and net salvage values for simplifying future adjustments for all accounts. We generally concur in the proposed range of rates for the accounts included in the order. However, the major accounts that have caused most of the past disagreements between carriers and regulators are excluded. Therefore, real simplification and potential time and expense savings of the process cannot be realized without all accounts being included in the process. Since there are situations where a specific carrier will require special considerations for a short period of time, the rules should include some guidance for exception situations.

The FCC decision to establish different rules and ranges for LEC's based on the form by which the carriers are regulated does cause us concern. The FCC form of regulation of a carrier is generally different than the specific form of regulation approved by state Commission's, however, the same network infrastructure is being treated. We would propose that all LEC be included in the final method. The initial range of reasonable lives and salvage values could be modified, if necessary, to incorporate any significant differences in the projected lives caused by differences in the forms of regulation. The initial lives and salvages values approved for each company within the ranges should also reflect any differences caused by past investment decisions based on the forms of regulation.

Current forms of intrastate regulation are different because of the inability of the LEC to prove to regulators and legislators that all service areas are experiencing the same levels of competition and modernization demands. However, the general direction of local competition, and the requirements to modernize networks to meet overall national and international market and

technology demands, is now effecting all LEC service areas. Corporations that continue to make investment decisions based on the current forms of regulation are committing compatibility and competitive suicide for the future.

Submitted By:


Larry F. Fuller, Rate Engineer


Ingo Henningsen, Regulatory Analyst

Telecommunications Section
Division of Public Utilities
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84145-0807

Distribution by FAX:

Federal Communications Commission:
Mr. William F. Caton, Secretary
1919 "M" Street, N.W., Rm 222
Washington, D.C. 20554
FAX No. 202-653-5402

Fatima Franklin
Accounting and Audits Division
2000 "L" Street, N.W., Suite 257
Washington, D.C. 20036
FAX No. 202-632-0529

Judith Nitsche
Tariff Review Division
1919 "M" Street, N.W., Rm 518
Washington, D.C. 20554
FAX No. 202-634-1382

International Transcription Service
1919 "M" Street, N.W., Rm 246
Washington, D.C. 20554
FAX No. 202-857-3805